

**JEFFERSON DAVIS PARISH SANITARY
LANDFILL COMMISSION
JENNINGS, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of December 31, 2011 and for the Year Then Ended

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2011
With Supplemental Information Schedules

C O N T E N T S

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report on Financial Statements		1-2
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	A	4
Statement of Activities	B	5
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	6
Reconciliation of the Governmental Funds Balance Sheet to The Government-Wide Financial Statements of Net Assets	D	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	8
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	9
Notes to the Financial Statements		11-23

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2011
With Supplemental Information Schedules

	<u>Schedules</u>	<u>Page</u>
<u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual General Fund	1	25-26
<u>Other Reports</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		28-29

EDWARD L. KRIELOW

A PROFESSIONAL ACCOUNTING CORPORATION

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INDEPENDENT AUDITORS' REPORT

June 18, 2012

To The Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jefferson Davis Parish Sanitary Landfill Commission, as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Davis Parish Sanitary Landfill Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities of the Jefferson Davis Parish Sanitary Landfill Commission, as of December 31, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2012, on our consideration of the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Jefferson Davis Parish Sanitary Landfill Commission has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Edward L. Krielow

Certified Public Accountant

BASIC FINANCIAL STATEMENTS

STATEMENT A

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

STATEMENT OF NET ASSETS

December 31, 2011

	GOVERNMENTAL ACTIVITIES
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 827,261
Investments	2,502,501
Receivables (net of allowances for uncollectibles)	146,225
Prepaid expenses	5,699
Other assets	1,851
Capital assets (net)	<u>2,127,481</u>
 TOTAL ASSETS	 <u><u>\$ 5,611,018</u></u>
LIABILITIES	
Accounts, salaries, and other payables	<u>\$ 17,977</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,127,481
Unrestricted	<u>3,465,560</u>
 TOTAL NET ASSETS	 <u><u>\$ 5,593,041</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT B

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION JENNINGS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2011

	Program Revenues			Net (Expenses) Revenues and Change in Net Assets
	Charges for Services and Use	Operating Grants and Contributions	Capital Grants & Contributions	
Expenses				
\$ 553,044	\$ 894,371	\$ -	\$ -	\$ 341,327
Governmental Activities				
Sanitary landfill				
General Revenues:				
Investment earnings				\$ 34,192
Other general revenue				583,783
Distributions to member governments				(959,984)
Total general revenues and distributions				\$ (342,009)
Change in Net Assets				\$ (682)
Net assets-beginning				5,593,723
Net assets-ending				<u>\$ 5,593,041</u>

The accompanying notes are an integral part of this statement.

STATEMENT C**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA****Balance Sheet, Governmental Funds****December 31, 2011**

	GENERAL FUND
ASSETS	
Cash and cash equivalents	\$ 827,261
Investments	2,502,501
Receivables (net of allowances for uncollectibles)	146,225
Other assets	<u>1,851</u>
TOTAL ASSETS	<u>\$ 3,477,838</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts, salaries, and other payables	<u>\$ 17,977</u>
Fund balances:	
Committed	\$ 2,430,773
Unassigned	1,029,088
Total Fund Balance	<u>\$ 3,459,861</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,477,838</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets**

December 31, 2011

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	3,459,861
-------------------------------------------------------	----	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital Assets	\$	3,863,172	
Less: Accumulated Depreciation		<u>(1,735,691)</u>	2,127,481

Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Prepaid insurance		<u>5,699</u>	<u>5,699</u>
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Net Assets of Governmental Activities (Statement A)	\$	<u><u>5,593,041</u></u>
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The accompanying notes are an integral part of this statement.

STATEMENT E

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds**

For the Year Ended December 31, 2011

		GENERAL FUND
<u>REVENUES:</u>		
Contract royalties	\$	894,371
Methane gas sales		507,122
DEQ fee reimbursement		69,110
Investment earnings		34,192
Other revenues		7,551
Total Revenues	\$	1,512,346
<u>EXPENDITURES:</u>		
Personnel costs	\$	224,347
Operating costs		153,688
Recycling program		4,838
Excess waste fees		72,941
Materials and supplies		1,868
Travel and other charges		4,573
Total Expenditures		462,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	1,050,091
<u>OTHER FINANCING SOURCES (USES)</u>		
Distributions to member governments		959,984
Net Change in Fund Balance	\$	90,107
Fund balances -- beginning		3,369,754
Fund balances -- ending	\$	3,459,861

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Year Ended December 31, 2011

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 90,107
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	<u>(90,789)</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ (682)</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

INTRODUCTION

The Jefferson Davis Parish Sanitary Landfill Commission (Commission) was chartered February 17, 1984. The Commission was created by the joint action of the following political subdivisions: the City of Jennings, the Town of Welsh, the Town of Lake Arthur, and the Jefferson Davis Parish Police Jury. These governing bodies joined efforts for the purpose of establishing a long term plan for disposal of solid wastes in Jefferson Davis Parish. According to the charter, the operations of the Commission are not to be financed by user charges but by direct assessment of the member governing bodies. Each member governing body is assessed directly in the proportion of the number of households within each member unit to the total number of households within all member units. These proportions were determined by the figures obtained from the 1980 U. S. Census. Based upon the information available from the 1980 U. S. Census, the following percentages for each member governing body were determined:

<u>LOCALITY</u>	<u>NUMBER OF HOUSEHOLDS</u>	<u>PERCENTAGES</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur & Elton)	<u>3,339</u>	<u>.337991</u>
Totals	9,879	1.000000

In 1989, the Commission entered into a contract with Browning-Ferris, Inc. (BFI) to operate the facility and pay the Commission a royalty for its use. BFI also agreed to pay the normal operating costs, except for those items specifically allocated to the Commission, and assume responsibility for closure of the facility and any post-closure care, maintenance and monitoring.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounting and reporting policies of the Jefferson Davis Parish Sanitary Landfill Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants; and are also made in accordance with the provisions of *Government Auditing Standards*, promulgated by the United States Comptroller General, as they pertain to financial and compliance audits.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

The Commission has adopted the provisions of GASB Statement 34 and GASB Statement No. 37. These statements established standards for external financial reporting for all state and governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt, restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Commission has no debt attributable to its capital assets.
- Restricted net assets: This component of net assets consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation. The Commission has no restricted net assets.
- Unrestricted net assets: This Component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Jefferson Davis Parish Sanitary Landfill Commission. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

self-balancing set of accounts. Various funds are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Commission or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The funds of the Commission are described below:

Governmental funds:

General fund - The general fund is the general accounting fund of the Jefferson Davis Sanitary Landfill Commission. It accounts for all financial resources, except for those required to be accounted for in other funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so it has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

D. Reporting Entity

The financial statements of the Commission consist only of the funds of the Commission. The Commission has no financial accountability for any other governmental entity since no other entities are considered to be component units of the Commission. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Jefferson Davis Parish Sanitary Landfill Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Commission to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission.
2. Organizations for which the Commission does not appoint a voting majority but are fiscally dependent on the Commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Commission has determined that it has no component units.

E. Budgetary Practices

The Commission utilized the following budgetary practices:

For the year ended December 31, 2011, the Commission adopted a budget on December 15, 2010 at a public hearing for the general fund on a basis consistent with generally accepted accounting principles (GAAP). Periodic budget comparisons were made during the year and amendments are made when deemed necessary. The budget was amended on December 21, 2011. All budgetary appropriations lapse at the end of each fiscal year. Formal encumbrance accounting is not utilized by the Commission.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

F. Cash, Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally issued investment.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Jefferson Davis Parish Sanitary Landfill Commission maintains as a threshold level of \$1,000 or more for individual items and \$5,000 or more for major repairs and improvements for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	30 years
Buildings and building improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment & landscaping	7 years
Miscellaneous improvements	10 years

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

H. Compensated Absences

The Commission adopted a personnel policy during 1994. The policy states that all full-time employees shall be allowed vacation time, provided they have been employed full-time for a period of at least six months. Vacation time allowed varies from five to twenty days per year depending on length of service. Under similar circumstances part-time employees will also be allowed vacation time but on a ratio of part-time hours scheduled and working to a normal forty hour work week. Vacation time may not be carried over to the following year.

Full-time employees shall be entitled to utilize one sick day for each month of active full-time employment up to a maximum sixty days. Regular part-time employees shall be entitled to utilize sick days at the same rate as full-time employees with a maximum accumulation of thirty days. This benefit for regular part-time employees applies only to absences lasting more than one week with the first week being an unpaid waiting period. Unless utilized, sick leave will not be paid as cash compensation, comp time or otherwise.

I. Risk Management

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission manages these losses through the purchase of commercial insurance.

J. Fund Equity

In the government-wide statements, equity is classified as net assets and displayed in three components.

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. The Commission adopted GASB Statement 54 for the year ended December 31, 2011. As such, fund balances of the governmental funds are classified as follows:

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- a. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal decision of the Commission's Board, which is the highest level of decision-making authority for the Commission.
- d. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned - all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in their commitment or assignment actions.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Jefferson Davis Parish Sanitary Landfill Commission, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The year ended balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash-demand deposits	\$ 840,134	\$ 827,261

Under state laws, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Investments

At December 31, 2011, the commission had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Certificates of deposits- nonnegotiable	\$ 2,502,501	\$ 800,000	\$ 1,702,501

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The commission does not have a written investment policy, but does adhere to state laws regarding allowable investments. The above investments are not rated.

For cash and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the commission will not be able to recover the value of its cash, investments or collateral securities that are in the possession of an outside party. Of the cash and investments listed above, \$3,092,635 were exposed to custodial credit risk as follows: Uninsured and collateral held by pledging institution's agent not in the commission's name \$3,092,635.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent has failed to pay deposited funds upon demand.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

The Commission has a concentration of credit risk in that it places no limit on the amount it may invest in any one issuer. More than 5 percent of the Commission's investments at December 31, 2011 are invested in certificates of deposit held at Jeff Davis Bank. These investments are 100% of the Commission's total investments at December 31, 2011.

3. RECEIVABLES

Receivables for fund financial statements at December 31, 2011, are as follows:

JDP Renewables, LLC	\$ 72,348
BFI, Inc.	<u>73,877</u>
	<u>\$ 146,225</u>

These receivables are normally collected within 30 to 60 days. Due to past collection history and short duration of outstanding amounts, no allowance for doubtful accounts has been established.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,242,370	\$ -	\$ -	\$ 1,242,370
Capital assets being depreciated				
Building	422,499	-	-	422,499
Improvements other than buildings	2,054,201	-	-	2,054,201
Machinery and equipment	<u>144,103</u>	<u>-</u>	<u>-</u>	<u>144,103</u>
Total capital assets being depreciated	<u>\$ 2,620,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,620,803</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciations for:				
Buildings and improvements	\$ 1,520,179	\$ 84,787	\$ -	\$ 1,604,966
Machinery and equipment	<u>124,724</u>	<u>6,002</u>	<u>-</u>	<u>130,726</u>
Total accumulated depreciations	<u>\$ 1,644,903</u>	<u>\$ 90,789</u>	<u>\$ -</u>	<u>\$ 1,735,692</u>
Total capital assets being depreciated, net	<u>\$ 975,900</u>	<u>\$ 90,789</u>	<u>\$ -</u>	<u>\$ 885,112</u>

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Depreciation expense of \$90,789 for the year ended December 31, 2011, was charged to the Sanitary Landfill.

5. ACCOUNTS, SALARIES AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2011:

Accounts	\$ 3,531
Payroll taxes	380
Retirement plan	10,177
Salaries	<u>3,889</u>
Totals	<u>\$ 17,977</u>

6. COMPENSATION PAID TO BOARD MEMBERS

The Commission paid no compensation to board members for the year ended December 31, 2011.

7. LITIGATION AND CLAIMS

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claim expenditures or liabilities are reported in the accompanying financial statements. The Commission is not presently involved in any litigation as defendant.

8. LANDFILL OPERATOR AND SIGNIFICANT CONTRACT PROVISIONS

On July 26, 1989, the Commission entered into an exclusive contract with Browning Ferris Industries, Inc. (BFI) for the daily operations of waste disposal at the landfill site. The Commission will receive a royalty on all waste deposited into landfill for which BFI is compensated. The more significant outstanding provisions of that contract are as follows:

- a. BFI shall be responsible for all law violations that are caused by BFI's performance of its tasks at the landfill.
- b. Unless this contract is earlier terminated, BFI is responsible for closure in accordance with the permit and for appropriate seeding of the sanitary landfill for erosion control. BFI's post-closure care, maintenance and monitoring responsibility shall be 3 years, or as required by law, following closure. Afterwards, the Commission is responsible for all post-closure care.
- c. BFI shall take all necessary precautions to prevent receipt of and deposit into the landfill regulated "hazardous waste", wet sludges, and oilfield wastes.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- d. BFI will maintain all liability insurance as set forth in the contract.

Contract is scheduled to expire in 2027.

9. PENSION PLAN

A. Parochial Employees Retirement System of Louisiana (PERS)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with Separate assets and benefit provisions. All participating employees of the Commission are members of plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. As of January 1, 1997, elected officials, except coroners, justices of the peace and parish presidents, may no longer join the retirement system. Those elected officials enrolled as of January 1, 1997 will maintain membership as long as they hold office. Effective July 1, 1997, new employees age 55 and older and who have 40 quarters or more of social security participation have an option to join the parochial system. New employees meeting the age and social security criteria have up to 90 days from the date of hire to elect to participate. Under Plan A, employees who were hired prior to January 1, 2007, may retire at or after age 65 with at least 7 years of credited service, at age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service and employees who were hired after January 1, 2007, may retire at age 67 with at least 7 years of credited service, at age 62 with at least 10 years of credited service, or at age 55 with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average compensation for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average compensation plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980 plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average compensation is defined as the average of the highest consecutive 36 months salary for members hired prior to January 1, 2007. For members hired January 1, 2007 and later, final average compensation shall be defined as the average of the highest consecutive 60 months salary. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Commission is required to contribute at a statutory rate based on actuarially determined computations. The rate for 2011 is 15.75 % of covered payroll. Contributions to the System

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

also include one-fourth of one percent of the taxes shown to be collectible (except for Orleans and East Baton Rouge parishes) by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Commission's contribution to the System under Plan A for the year ending December 31, 2011, 2010, and 2009 were \$23,481, \$20,607, and \$18,008, respectively, equal to the required contributions for each year.

10. RELATED PARTY TRANSACTIONS

The Commission voted to distribute \$400,000 to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by the governments (see Note 1). In addition, the Commission distributed an additional \$40,000 (\$10,000 each) to the members for economic development. There are no amounts due to the member governments at December 31, 2011.

11. CONTINGENCIES

The Landfill Commission as owner of a sanitary landfill is subject to Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the postclosure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit...". Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law,...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

12. LEASES

The Commission entered into a site lease with South-Tex Treaters, LP in June, 2007 for the purpose of recovering and selling methane gas produced by the decomposing waste in the landfill. The lease is for an initial period of twenty (20) years, with an option to extend the lease for an additional ten (10) years. The commission is to receive rent of \$1 per month plus a royalty ranging from 13% to 25% depending on volumes produced and the sales price of gas per thousand cubic feet (mcf), less certain agreed upon costs. The facility began operations in April, 2008.

13. COMMITTED FUND BALANCE

The Commission has established a policy of annually designating three percent (3%) of the beginning committed fund balance, or the total interest earned on investments, whichever is lesser, for potential post-closure contingencies. However, the Commission changed the policy in 2004 to eliminate annually committing 3% and freezing the committed fund balance at the December 31, 2003 level of \$2,930,773. In 2006, the Commission approved reducing the committed balance by \$500,000 to \$2,430,773 to provide for an additional distribution to its members.

14. SUBSEQUENT EVENTS

On January 18, 2012, the Commission distributed \$450,000 to the respective governmental bodies in accordance with the terms of the Commission Charter. The Commission also distributed an additional \$40,000 (\$10,000 each) to the members for economic development.

15. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through June 18, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund**

For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Contract royalties	\$ 650,000	\$ 890,000	\$ 894,371	\$ 4,371
Methane gas sales	480,000	500,000	507,122	7,122
DEQ fee reimbursement	62,000	69,000	69,110	110
Investment earnings	40,000	35,000	34,192	(808)
Other revenues	5,000	5,000	7,551	2,551
Total Revenues	<u>\$ 1,237,000</u>	<u>\$ 1,499,000</u>	<u>\$ 1,512,346</u>	<u>\$ 13,346</u>
<u>EXPENDITURES:</u>				
Personnel costs	\$ 233,990	\$ 233,990	\$ 224,347	\$ (9,643)
Operating costs	160,500	167,500	153,688	(13,812)
Recycling program	5,000	5,000	4,838	(162)
Excess waste fees	73,000	73,000	72,941	(59)
Materials and supplies	3,000	3,000	1,868	(1,132)
Travel and other charges	5,000	5,000	4,573	(427)
Total Expenditures	<u>\$ 480,490</u>	<u>\$ 487,490</u>	<u>\$ 462,255</u>	<u>\$ (25,235)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 756,510	\$ 1,011,510	\$ 1,050,091	\$ 38,581
<u>OTHER FINANCING SOURCES (USES)</u>				
Distributions to member governments	920,000	960,000	959,984	(16)
Net Change in Fund Balance	\$ (163,490)	\$ 51,510	\$ 90,107	\$ 38,597
Fund balances -- beginning	3,369,754	3,369,754	3,369,754	-
Fund balances -- ending	<u>\$ 3,206,264</u>	<u>\$ 3,421,264</u>	<u>\$ 3,459,861</u>	<u>\$ 38,597</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Notes to Budgetary Comparison Schedules For the Year Ended December 31, 2011

Budget Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted and as finally amended by the Commission. State statutes require the Commission to amend its budget when revenues plus projected revenues are expected to be less than five percent or more of budgeted revenues and/or expenditures are expected to exceed budgeted expenditures by five percent or more.

Explanation of Significant Difference between Original and Final Budget:

Contract royalties and methane gas sales were significantly higher in the final budget. The primary reason for this difference was both of these revenue items experienced higher volumes than originally anticipated. As a result of these increased revenues, distributions to member governments were significantly increased from the original budget.

OTHER REPORTS

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis Parish Sanitary Landfill Commission, as of and for the year ended December 31, 2011, which collectively comprise the Jefferson Davis Parish Sanitary Landfill Commission's basic financial statements and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson Davis Parish Sanitary Landfill Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Commission members, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

Edward L. Krielow

Certified Public Accountants

Jennings, Louisiana
June 18, 2012